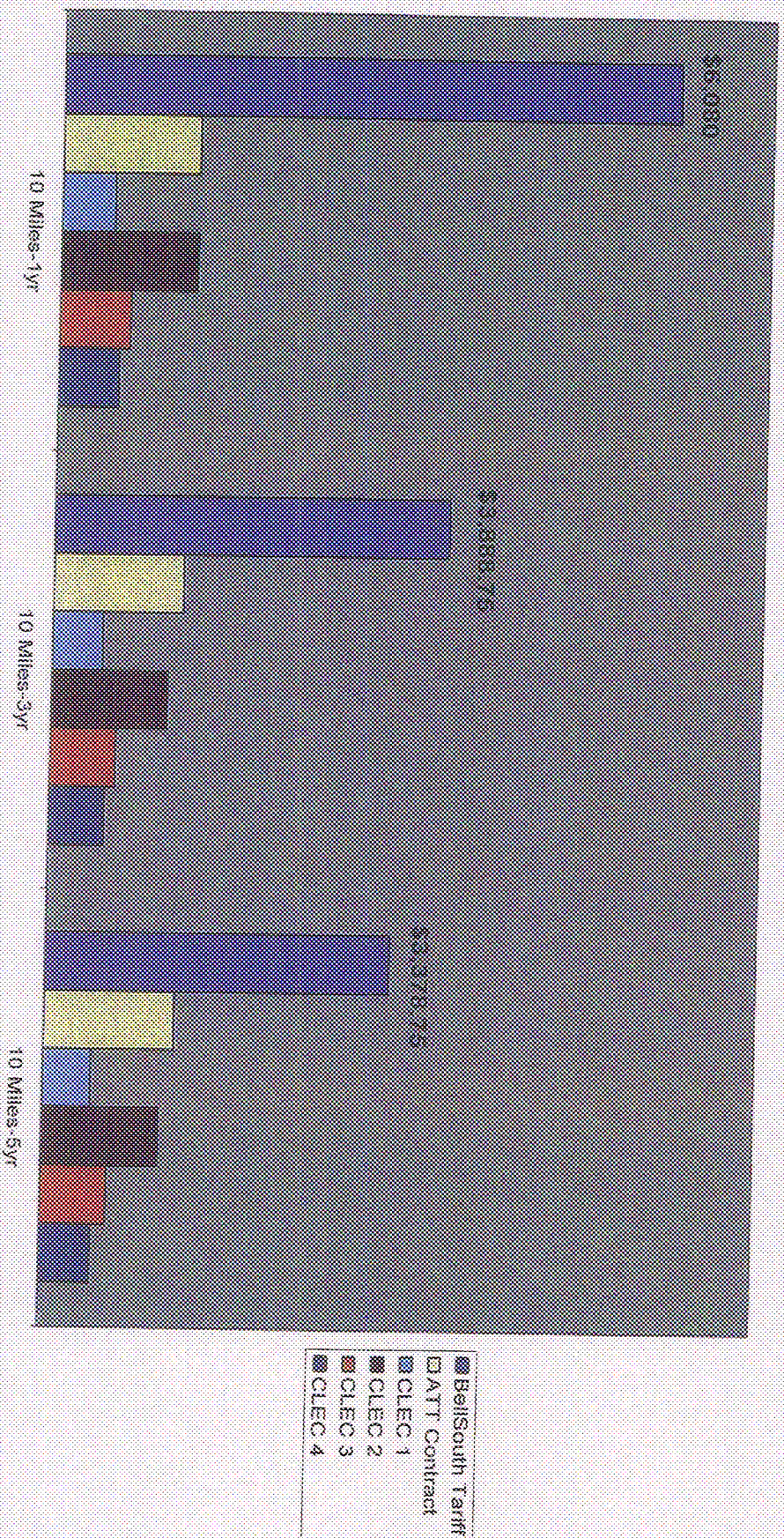


Price Comparison of Major Access Vendors



Atlanta DS3 Comparison: 10 Mile
Rates effective October, 2006



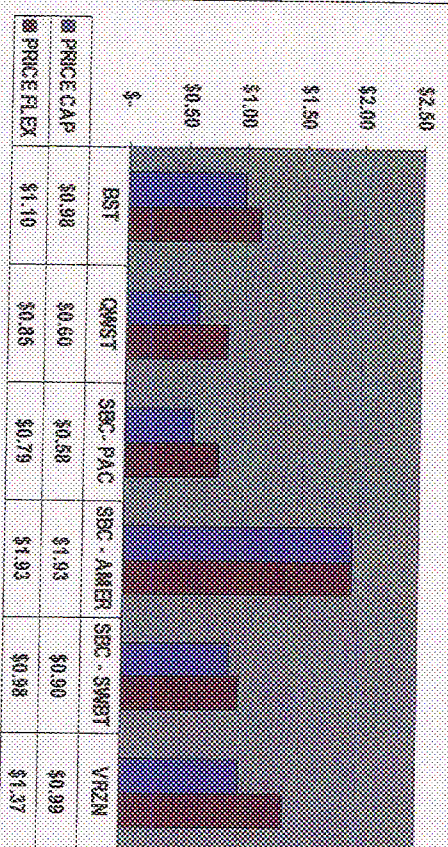
Global Crossing Proprietary and Confidential

Comparison of Long-haul and Short-haul Pricing

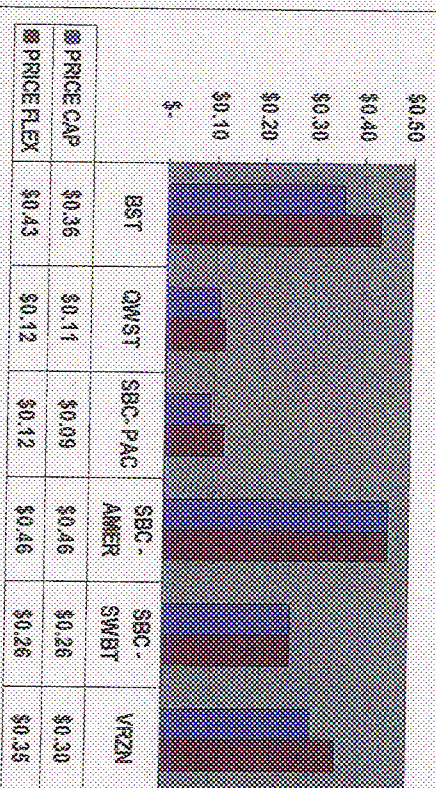


Rates per DSO Circuit Mile 10 Mile Month-to-Month Sample

DS1 RBOC rates per DSO Circuit Mile
Zone 1 - 10 mile - Month to Month Circuit



DS3 RBOC rates per DSO Circuit Mile
Zone 1 - 10 mile - Month to Month Circuit



Comparable Global Crossing long haul rate:

DS1: \$0.0275 per DSO circuit mile

DS3: \$0.0050 per DSO circuit mile

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Voluntary Merger Conditions



➤ **The voluntary commitments made by AT&T and Verizon freeze special access rates**

- Evidence submitted in the merger dockets demonstrated that special access rates were already excessively high
- Freezing rates in a cost-declining industry is tantamount to a rate increase
- There was no relief from extreme volume and term commitments

➤ **AT&T's additional commitment to reduce special access rates offers limited relief**

- AT&T's rate freeze was reduced from **48** to 39 months
- Reducing rates to price cap levels in Phase II pricing flexibility areas does not address the inequity of existing price cap rates

The New Global Village



Remedies for Market Failings

More Regulation is Not the Answer



- >Re-institution of price cap regulation would require a complex, lengthy, and costly rate case**
- >Regulation has not proven effective at mimicking market forces**
- With the acquisition of AT&T and MCI, SBC and Verizon severely hampered the CLEC industry's ability to compete in the regulatory and political arena**

Commercial Arbitration



- **Commercial** arbitration of disputes arising during special access negotiations is a narrowly tailored, market oriented procedure which supports continued deregulation of the special access market while at the same time affording protection to captive customers

- **The** FCC has used the same remedy to address failings in the video marketplace
 - News Corp.'s acquisition of Hughes Electronics
 - Transfer of Adelphia to Comcast and Time Warner

- **Commercial** arbitration is a simple, quick, and inexpensive process that negates the incumbent carriers' overwhelming advantage in the regulatory and political arena